

Service Date: January 30, 1997

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

In the Matter of the Application of)	
PACIFICORP for an Order Authorizing)	
it to Issue and Sell Not More Than)	UTILITY DIVISION
10,000,000 Additional Shares of its)	DOCKET NO. D97.1.5
Common Stock under its Dividend)	DEFAULT ORDER NO. 5969
Reinvestment and Stock Purchase Plan.)	

On August 13, 1990, PacifiCorp (Company), a corporation organized and existing under and by virtue of the laws of the State of Oregon and qualified to transact business in Montana, filed with the Montana Public Service Commission (Commission) its original application in the named matter, pursuant to §§ 69-3-501 through 69-3-507, MCA, requesting an Order authorizing the Company to issue and sell not more than 15,000,000 additional shares of its common stock pursuant to its Dividend Reinvestment and Stock Purchase Plan, as amended (Plan). On September 25, 1990, the Commission approved the Company's request in Docket No. 90.8.47, Default Order No. 5492. On January 13, 1997, the Company filed a supplemental application requesting an amended order providing for the issuance of an additional 10,000,000 shares (new shares) under the Plan and provided information concerning additional amendments to the Plan.

The application is supported by exhibits and data in accordance with the rules and regulations of the Commission governing the authorization of the issuance of securities by electric and gas utility companies operating within Montana.

For detailed information with respect to the general character of the Company's business and the territories served by it, reference is made to its annual reports on file with the Commission.

The original application sets forth Counsel who will pass upon the legality of the proposed issuance, the other regulatory authorizations required, and the propriety of the proposed issue.

At a regular open session of the Montana Public Service Commission held in its offices at 2701 Prospect Avenue, Helena, Montana, on January 27, 1997, there came before the Commission for final

action the matters and things in Docket No. 90.8.47, and the Commission, having fully considered the supplemental application and all the data and records pertaining to it on file with the Commission and being fully advised in the premises, makes the following:

FINDINGS

1. PacifiCorp is a corporation organized and existing under and by virtue of the laws of the State of Oregon and is qualified to transact business in the State of Montana.
2. PacifiCorp is operating as a public utility as defined in § 69-3-101, MCA, and is engaged in furnishing electric service in Montana.
3. The Company was incorporated under Oregon law in August 1987 for the purpose of facilitating consummation of a merger with Utah Power & Light Company and changing the state of incorporation of PacifiCorp from Maine to Oregon. The Company uses the assumed business names of Pacific Power & Light Company and Utah Power & Light Company within their respective service territories located in the states of California, Idaho, Montana, Oregon, Utah, Washington and Wyoming.
4. The Commission has jurisdiction over the subject matter of the application under § 69-3-102, MCA.
5. Notice of the application was published as a part of the Commission's regular weekly agenda.
6. The Company proposes to issue not more than an additional 10,000,000 new shares under the Plan (over an estimated four-year period), as the number of shares approved earlier by the Commission for issuance under the Plan is nearly exhausted. As described in Default Order No. 5492, the Commission has previously authorized the issuance of shares under the Plan. It is the Company's intention to seek authorization to issue additional shares under the Plan as necessary. The new shares will be issued pursuant to the Company's Third Restated Articles of Incorporation and will constitute additional shares within the 750,000,000 shares currently authorized. At December 31, 1996, a total of 295,139,753 shares of common stock were outstanding. On the same date, 779,512 shares were reserved for issuance under the Plan. The new shares will be ranked equally with outstanding shares in all respects. The rights of these shares are set out in the Company's Third Restated Articles of Incorporation.
7. The Plan, as proposed to be implemented, differs in some respects from the Plan described in the Company's previous applications to the Commission. The most significant change involves permitting participation in the Plan by persons other than shareholders and employees, which is expected

to result in the sale of a greater amount of shares under the Plan. Other amendments include: increasing the minimum amount of initial optional cash payments by persons who are neither existing Plan participants or employees from \$25 to \$250; permitting the Company to waive the \$25,000-per-quarter limit on optional cash investments; increasing the frequency of purchases on behalf of Plan participants from once per month to twice per month; charging participants certain administrative fees, including an enrollment fee; permitting partial reinvestment of dividends paid on shares held under or outside of the Plan; and permitting the Company to receive optional cash payments through an automatic debit of participants' bank accounts. These amendments are generally consistent with changes implemented by other issuers over the last several years.

8. The purpose of the requested authority is to continue sales of new shares under the Plan. The offering of additional shares under the Plan is consistent with the Company's desire to strengthen the common equity portion of its capital structure. As the offering and issuance costs of the new shares are expected to approximate less than one percent of the proceeds, the offering is also an efficient means of obtaining permanent investment capital.

9. The anticipated results of the offering and sale of the new shares over an expected four-year period are as follows:

<u>Estimated Results</u>		
	<u>Per Share</u>	<u>Total</u>
Gross proceeds*	\$20.875	\$208,750,000
Less: Estimated Expenses	<u>0.020</u>	<u>200,000</u>
Net proceeds	<u>\$20.855</u>	<u>\$208,550,000</u>

<u>Estimated Expenses</u>	
SEC Registration Fee	\$63,400
Regulatory Agency Fees:	
State Commissions	3,350
Counsel Fees	15,000
Accountants' Fees	3,350
Stock Exchange Listing Fees	50,000
Printing, Engraving and Delivery Fees	46,700
Miscellaneous Fees	<u>18,200</u>
Total	<u>\$ 200,000</u>

*Using the closing price of January 9, 1997.

10. The Company intends to use the proceeds for purposes set forth in § 69-3-501 MCA. Proceeds may be used for one or more of the following purposes: the acquisition of property; the construction, completion, extension, or improvement of facilities; the improvement of service; the discharge or refunding of obligations; and to reimburse the Company for funds expended from income or from other treasury funds that were not derived from the issuance of securities, provided that the funds to be reimbursed were used in furtherance of one or more of the utility purposes authorized by § 69-3-501 MCA. To the extent that the funds to be reimbursed were used for the discharge or refunding of obligations, those obligations or their precedents were originally incurred in furtherance of a utility purpose.

11. The proposed issuances are a part of an overall plan to finance the cost of the Company's facilities taking into consideration prudent capital ratios, earnings coverage tests, and market uncertainties as to the relative merits of the various types of securities the Company could sell.

12. The issuance of an order authorizing the proposed financing does not constitute agency determination/approval of any ratemaking issues which issues are expressly reserved until the appropriate proceeding.

CONCLUSIONS OF LAW

1. The proposed issuances to which the supplemental application relates will be for lawful objects within the corporate purposes of the Company. The method of financing is proper.

2. The supplemental application should be approved.

ORDER

IT IS THEREFORE ORDERED by the Commission that:

1. The supplemental application of PacifiCorp, filed on January 13, 1997, for authority to issue and sell not more than 10,000,000 additional shares of its common stock pursuant to its Dividend Reinvestment and Stock Purchase Plan, as amended, until all authorized shares have been sold, pursuant to §§ 69-3-501 through 69-3-507, MCA, and to use the proceeds as described in the supplemental application, is approved.

2. PacifiCorp shall file the following as they become available:

a) The "Report of Securities Issued" required by 18 CFR 34.10.

b) A copy of any additional SEC Registration Statement for the Plan.

3. Issuance of this Order does not constitute acceptance of PacifiCorp exhibits or other material accompanying the application for any purpose other than the issuance of this Order.

4. Approval of the transaction authorized shall not be construed as precedent to prejudice any further action of the Commission.

5. Section 69-3-507, MCA, provides that neither the issuance of securities by PacifiCorp pursuant to the provisions of this Order, nor any other act or deed done or performed in connection with the issuance, shall be construed to obligate the State of Montana to pay or guarantee in any manner whatsoever any security authorized, issued, assumed, or guaranteed.

6. This Order shall be effective upon execution.

DONE IN OPEN SESSION at Helena, Montana, this 27th day of January, 1997, by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DAVE FISHER, Chairman

NANCY McCAFFREE, Vice Chair

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.